

AUG 10 '98

10-28 AM

DONELAN, CLEARY, WOOD & MASER, P.C.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 750

1100 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900

August 10, 1998New Recordation No.

Dear Mr. Williams:

On behalf of Associates Leasing, Inc., I submit for filing and recording under 49 U.S.C. §11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Lift Lease Agreement ("Lease") entered into August 7, 1998.

The parties to the enclosed Lease are:

Associates Leasing, Inc. - LESSOR
Suite 210
1900 Summit Tower Blvd.
Orlando, FL 32810

Conrad Yelvington Distributors, Inc. - LESSEE
P.O. Box 1686
Daytona Beach, FL 32115

The said Lease, among other things, is the leasing by the Lessor to the Lessee of three (3) locomotives.

The equipment covered by the instant Lease is as identified therein, namely 3 locomotives currently identified as CYDX 200, CYDX 221 and CYDX 226, formerly BS 200, FEC 221 and FEC 226, respectively.

A short summary of the Lease to appear in the Surface Transportation Board Index is as follows:

"Covers 3 locomotives, as listed in the Lift Lease Agreement."

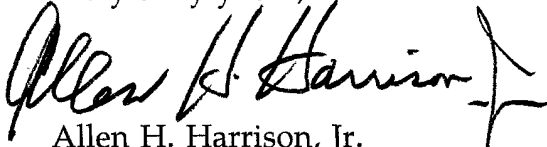
Enclosed is a check in the amount of twenty-six dollars in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the

RECEIVED
SURFACE TRANSPORTATION
BOARD
AUG 10 10 28 AM '98*Counterparts of H. Williams*

letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Allen H. Harrison, Jr.", with a stylized flourish at the end.

Allen H. Harrison, Jr.
Attorney for Associates Leasing, Inc.
For the purpose of this filing.

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Enclosures

By Hand

8205-020



Name and Address of Lessee ("Lessee")
Conrad Yelvington Distributors, Inc.

Lift Lease Agreement

RECORDATION NO. 21559 FILED

AUG 10 '98

10:28 AM

Name and Address of Lessor ("Lessor")
Associates Leasing, Inc.

P.O. Box 1686

Daytona Beach

FL

32115

1900 Summit tower blvd Suite #210

Orlando,

FL

32810

DESCRIBE EQUIPMENT FULLY

EQUIPMENT PERCENTAGE

Two (2) Electro-Motive Division Model SW-9 Diesel Locomotives Old/Original Nos.	63.89
FEC 226 and FEC 221 with New/Current Nos. CYDX 226 and CYDX 221	0.00
One (1) Electro-Motive Model SW-1200 Diesel Locomotive Old/Original Nos. BS 200	36.11
with New/Current Nos. CYDX200	0.00
See Rider C and Return Conditions Rider attached hereto and made a part hereof	0.00
See Affidavit of Execution and Delivery attached hereto and made a part hereof	0.00
	0.00

LOCATION OF EQUIPMENT:

800 Big Tree Road

Volusia

South Daytona

FL

32119

A. TERM: 66 Months following the first day of the month after delivery

B. ADVANCE RENTAL: \$ 0.00
PLUS APPLICABLE TAXES

C. INTERIM RENTAL: Per day rental for the period from delivery to the first of the following month calculated as Monthly Rental divided by 30 times the number of days from the Delivery Date through the end of the month in which the Equipment is delivered plus applicable taxes.

D. RENTAL PAYMENT: 66 Payments of \$ 5,920.00
PLUS APPLICABLE TAXES

E. SECURITY DEPOSIT: \$ 0.00

F. 10 MACRS Class Life of Equipment

The Stipulated Loss Value Table attached to this Lease is a part of and incorporated into the terms of this lease.

G. PAYMENT SCHEDULE: THE ADVANCE RENTAL PAYMENT IS PAYABLE UPON DELIVERY OF THE LEASE APPLICATION TO LESSOR. INTERIM RENTAL IS PAYABLE UPON DELIVERY OF THE EQUIPMENT.

THE REMAINING RENTAL PAYMENTS ARE PAYABLE AS FOLLOWS:

MONTHLY ON THE FIRST DAY OF EACH MONTH BEGINNING ON THE FIRST DAY OF September, 1998 (MO/YR).

H. TERM OPTION: (If left blank or marked "NA", Paragraph(s) 11A and/or 11B are not applicable to this Lease)

Option Date: 09/01/03

Option Price \$ 33,801.00

Conversion Term 24 Months

Conversion Payment \$ 1,409.00

Conversion Rate: 9.50 %

* above figures are PER UNIT on both SW-9 models

Option Date: 09/01/03

Option Price \$ 38,641.00

Conversion Term 24 Months

Conversion Payment \$ 1,611.00

Conversion Rate: 95 %

** above figures apply to SW-1200 unit ONLY

TERMS AND PROVISIONS OF LEASE

1. **EFFECTIVE DATE:** The terms and provisions of this Lease Agreement ("this Lease") and the obligations and liabilities of Lessee under this Lease are effective on the date of Lessor's acceptance of this Lease ("Effective Date"), even though the Term and Lessee's obligation to pay the remaining Rental Payments may begin on a later date.

2. **LEASE:** Lessor hereby leases to Lessee, and Lessee hereby hires and takes from Lessor, under and subject to the terms and provisions hereof until the end of the Term specified above ("Term"), the personal property described above and on any supplemental schedule(s) identified as constituting a part of this lease (herein, with all present and future attachments, accessories, replacement parts, repairs, and additions, and all proceeds thereof, referred to as "Equipment"). This Lease is for the Term commencing on the date the Equipment is delivered to Lessee. For the Term or any portion thereof, Lessee agrees to pay to Lessor aggregate rentals equal to the sum of all Rental Payments (including advance rentals) in accordance with the Payment Schedule.

3. **PLACE OF PAYMENT AND OBLIGATION TO PAY:** All Rental Payments are payable without notice or demand. All amounts payable under this Lease to Lessor are payable at Lessor's address set forth herein or at such other address as Lessor may specify from time to time in writing. Except as otherwise specifically provided herein, Lessee's obligation to pay the Rental Payments and all other amounts due or to become due under this Lease shall be absolute and unconditional under all circumstances, regardless of any set-off,

counterclaim, recoupment, defense or other claim whatsoever. If this Lease relates to multiple items of Equipment, lessor may, at Lessor's option, consider each item of Equipment to be a separate account solely for the convenience of Lessor and Lessee with the amount of the Rental Payment, Option Price and other factors applicable to each item of Equipment equal to the amount indicated in this Lease multiplied by the Equipment Percentage for such item of Equipment as indicated above. Despite any such treatment, this Lease is for all purposes a lease of all Equipment identified above. Any Security Deposit is held as security for Lessor's obligations and will be refunded in full, without interest, upon payment in full of those obligations.

4. **DELINQUENCY CHARGES:** For each Rental Payment or other sum due under this Lease which is not paid when due, Lessee agrees to pay Lessor a delinquency charge calculated thereon at the rate of 1 1/2% per month for the period of delinquency or, at Lessor's option, 5% of such Rental Payment or other sum due under this Lease, provided that such a delinquency charge is not prohibited by law, otherwise at the highest rate Lessee can legally obligate itself to pay and/or Lessor can legally collect. Lessee agrees to reimburse Lessor immediately upon demand for any amount charged to Lessor by any depository institution because a check, draft or other order made or drawn by or for the benefit of Lessee is returned unpaid for any reason and, if allowed by law, to pay Lessor an additional handling charge in the amount of \$25.00 or in the event applicable law limits or restricts the amount of such reimbursement and/or handling charge, the amounts chargeable under this provision will be limited and/or restricted in accordance with applicable law.

Page 1 of 4 of Lease Agreement dated 8/7/98 between

Conrad Yelvington Distributors, Inc.

(Lessee)

and Associates Leasing, Inc.

(Lessor) which includes, without limitation, an item of Equipment with the following serial

number:

704004 2/98
lse04004.wpd Lift Lease/Fixed Rate
1.04

Original

Lessee's Initials

5. **NO WARRANTIES BY LESSOR, MAINTENANCE, AND COMPLIANCE WITH LAWS:** Lessor makes no representations or warranties as to the character of this transaction for tax or other purposes. Lessee acknowledges and agrees that: the Equipment is of a size, design, capacity and manufacture selected by Lessee; Lessor is not the manufacturer of the Equipment or the manufacturer's agent; LESSEE LEASES THE EQUIPMENT "AS IS" AND LESSOR HAS NOT MADE, AND DOES NOT MAKE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE VALUE, CONDITION, QUALITY, MATERIAL, WORKMANSHIP, DESIGN, CAPACITY, MERCHANTABILITY, DURABILITY, FITNESS OR SUITABILITY OF THE EQUIPMENT FOR ANY USE OR PURPOSE, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED. Lessee will not assert any claim whatsoever, regardless of cause, against Lessor. Lessee will not bring any suit or claim against or make any settlement with the manufacturer or seller to Lessor of the Equipment (both herein called "Seller") without Lessor's prior written consent; and the selection, servicing and maintaining of the Equipment shall be entirely at Lessee's risk and expense. Lessee agrees, at its own cost and expense: (a) to cause the Equipment to be operated with care and only by qualified personnel in the regular course of Lessee's business; (b) to comply with all applicable laws, rules and regulations relating to the Equipment, with any published instructions or specifications of the Seller and with all of the terms of any insurance policy covering the Equipment; (c) to obtain, or sign any documents Lessor deems necessary and any certificates of title required or permitted by law with respect to the Equipment; (d) to maintain the Equipment in good operating condition, repair and appearance; and (e) to furnish Lessor promptly with such financial statements and other information as Lessor may reasonably request from time to time.

6. **STIPULATED LOSS VALUE:** "Stipulated Loss Value" of the Equipment is the value of the Equipment for purposes of insurance and casualty loss. If Lessor and Lessee have executed a Stipulated Loss Value Table with respect to this Lease, the Stipulated Loss Value as of any date will be the amount indicated on that table plus any accrued and unpaid Rentals or other amounts payable under this Lease as of that date. If Lessor and Lessee have not executed a Stipulated Loss Value Table with respect to this Lease, the Stipulated Loss Value as of any date shall mean an amount equal to the total of all accrued and unpaid Rental Payments and all other amounts then due and remaining unpaid plus the greater of: (a) the then Fair Market Value (as determined in accordance with Paragraph 12 of this Lease) of the Equipment as of that date in the same condition as when received by Lessee, reasonable wear and tear from the normal use thereof alone excepted, as well as in the condition required upon its return determined in accordance with Paragraph 21 of this Lease, and (b) an amount equal to all accrued and unpaid Rental Payments and all other amounts then due and remaining unpaid plus the then present worth of all unaccrued Rental Payments plus either (i) the Purchase Option Price, or (ii) if no purchase option is offered, the Fair Market Value (as determined in accordance with Paragraph 12 of this Lease) of the Equipment in the same condition as when received by Lessee, reasonable wear and tear from the normal use thereof alone excepted, as well as in the condition required upon its return determined in accordance with Paragraph 21 of this Lease. Present worth shall be determined by discounting such unaccrued Rental Payments from their respective due dates at the Rate of 6.00 %.

7. **INSURANCE:** Lessee shall bear all risk of loss of, damage to, or destruction of the Equipment from the date of its delivery until its return. If, for any reason, any of the Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee shall (a) immediately and fully inform Lessor with regard thereto, and (b) promptly pay to Lessor the Liquidation Value calculated as of the date of payment thereof. Any amounts actually received by Lessor from insurance or otherwise on Lessee's behalf for such loss or damage shall be applied to reduce Lessee's obligation under this paragraph. Except as expressly provided herein, the total or partial destruction of the Equipment or the total or partial loss of use or possession thereof to Lessee, shall not release or relieve Lessee from its obligations and liabilities under this Lease. Lessee agrees to procure and maintain at all times on and after the Effective Date such liability, physical damage and other insurance as Lessor may require from time to time. Lessee agrees that all such insurance shall be in form and amount and with insurers satisfactory to Lessor, and that Lessee will deliver promptly to Lessor certificates or, upon request, policies satisfactory to Lessor evidencing such insurance. All liability policies shall name Lessor as an additional insured, and all physical damage policies shall provide that payment thereof shall be made to Lessor and Lessee as their interests may appear. Each policy shall provide that Lessor's interest therein shall not be invalidated by any acts, omissions or neglect of anyone other than Lessor, and shall contain the insurer's agreement to give Lessor at least 30 days prior written notice before cancellation or any material change in the policy shall be effective as to Lessor, whether such cancellation or change is at the direction of Lessee or the insurer.

8. **TAXES:** Lessee shall be liable for all taxes, levies, duties, assessments, and other governmental charges (including any penalties and interest, and any fees for titles or registration) levied or assessed against Lessee, Lessor or the Equipment, upon or with respect to the lease or the purchase, use, operation, leasing, ownership, value, return or other disposition of the Equipment, or the rent, earnings or receipts arising therefrom, exclusive, however, of any taxes based on Lessor's net income. Unless Lessor notifies Lessee in writing otherwise, Lessor will file all returns and remit all personal property taxes applicable to the Equipment. Lessee agrees to reimburse Lessor for all such personal property taxes immediately upon receipt of Lessor's invoice including without limitation such taxes assessed or arising during the term of this Lease but remitted by Lessor after the termination of this Lease. At Lessor's option, Lessee agrees to remit, along with Lessee's rental payments under this Lease, an amount equal to a percentage of Lessor's reasonable estimate of the personal property taxes that will be assessable against the Equipment during the succeeding tax year. Any such amounts remitted to Lessor will be credited by Lessor against Lessee's obligations under this paragraph. Lessee will remain obligated in the event that such amounts are insufficient to fully reimburse Lessor for the actual amount of such taxes and any surplus will be either credited to Lessee's other obligations to Lessor or returned to Lessee. If requested, Lessee agrees to file promptly on behalf of Lessor all requested tax returns and reports concerning the Equipment in form satisfactory to Lessor, with all appropriate governmental agencies and to mail a copy thereof to Lessor concurrently with the filing thereof. Lessee further agrees to keep or cause to be kept and made available to Lessor any and all necessary records relevant to the use of the Equipment and pertaining to the aforesaid taxes, assessments and other governmental charges. The obligations arising under this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

9. **LESSOR'S TITLE, STORAGE AND IDENTIFICATION OF EQUIPMENT:** Title to the Equipment will at all times remain in Lessor and Lessee will at all times, at its own cost and expense, protect and defend the title of Lessor from and against all claims, liens and legal processes of creditors of Lessee and keep the Equipment free and clear from all such claims, liens and processes. Lessee agrees not to alter or modify the Equipment without first obtaining in each instance the prior written approval of Lessor. Upon the expiration or termination of this Lease, Lessee, at Lessee's sole expense, shall return the Equipment unencumbered to Lessor at a place to be designated by Lessor, and in the same condition as when received by Lessee, reasonable wear and tear resulting from normal use thereof alone excepted. Lessee shall, upon Lessor's request, and at Lessee's own expense, firmly affix to the Equipment, in a conspicuous place, such label, sign or other device as Lessor may supply to identify Lessor as the owner and lessor of the Equipment. If Lessee fails to perform duly and promptly any of its obligations under this Lease (including, without limitation, insuring the Equipment), Lessor may perform the same, but shall not be obligated to do so, for the account of Lessee to protect the interest of Lessor or Lessee or both, at Lessor's option. Any amount paid or expense (including reasonable attorney's fees), penalty or other liability incurred by Lessor in such performance shall be payable by Lessee upon demand as additional rent for the Equipment.

10. **POSSESSION, LOCATION OF EQUIPMENT, RIGHT OF INSPECTION AND ASSIGNMENT:** The Equipment will be kept by Lessee at the location indicated herein, and will not be removed from said location without the prior written consent of Lessor. Lessor shall have the right to inspect the Equipment at all reasonable times and from time to time as Lessor may require. Lessee will not sell, assign, transfer, pledge, encumber, secrete, sublet or otherwise dispose of any of the Equipment or any interest of Lessee in or under this Lease without Lessor's prior written consent. This Lease and all rights of Lessor under this Lease will be assignable by Lessor without Lessee's consent. LESSEE HEREBY WAIVES, RELINQUISHES AND DISCLAIMS AS TO ANY ASSIGNEE OF LESSOR ALL CLAIMS, RIGHTS OF SET-OFF AND DEFENSES LESSEE MAY HAVE AGAINST LESSOR, INCLUDING THE RIGHT TO WITHHOLD PAYMENT OF ANY MONIES WHICH MAY BECOME DUE UNDER THIS LEASE. After receiving notice of any assignment by Lessor, Lessee agrees that it will not, without the prior written consent of the assignee, purchaser or secured party, (i) prepay any amounts owing under this Lease; (ii) modify or amend this Lease; or (iii) exercise any rights which are exercisable only with the consent of the Lessor.

11. **OPTIONS AVAILABLE TO LESSEE:** Lessor hereby grants to Lessee the following options:

A. Option To Purchase During Term. Lessor hereby grants to Lessee the option to purchase all, but not less than all, of the Equipment described in the Lease on the Option Date (as specified on the first page of this Lease) upon the following terms and conditions: (1) Lessee gives Lessor written notice of Lessee's intent to exercise this option to purchase at least sixty (60) but not more than ninety (90) days prior to the Option Date and (2) Lessee has paid all Rent accruing prior to the Option Date on or before the Option Date.

The purchase price for the Equipment on the Option Date shall be the then Fair Market Value of the Equipment which, for purposes of the Option Date only, Lessor and Lessee agree shall be the Term Option Price (as specified on the first page of this Lease). Lessor and Lessee agree that the Term Option Price is a reasonable prediction of the then Fair Market Value of the Equipment as of the Option Date. The Term Option Price, plus any applicable taxes, shall be payable on the Option Date in cash or, at Lessee's option, as provided in Paragraph 11B of this Lease.

B. Conversion Option During Term. In the event Lessee exercises Lessee's option to purchase the Equipment on the Option Date as provided in paragraph A above, Lessee may elect to pay the Term Option Price to Lessor upon the following terms and conditions: (1) Lessee agrees to pay the Term Option Price in the equal consecutive monthly installments for the Conversion Term as indicated on the first page of this Lease with the first such installment payable on the Option Date and each succeeding installment payable on a like date of each month thereafter until fully paid and provided that the final installment shall be in the amount of the then remaining unpaid balance. In addition to the payment provided above, Lessee promises and agrees to pay interest on the remaining unpaid balance at the applicable Conversion Rate (as specified on the first page of this Lease) payable monthly on the unpaid principal balance; (2) Lessee agrees to give Lessor written notice of Lessee's election pursuant to this Paragraph at least 60 but not more than 90 days prior to the Option Date; (3) Lessee grants to Lessor, its successors and assigns, a security interest in the Equipment complete with all present and future attachments, accessories, replacement parts, repairs, additions, and all proceeds thereof, all herein referred to collectively as "Collateral" to secure payment and performance of the Indebtedness and all absolute and all contingent obligations and liabilities of Lessee to Lessor, or to any assignee of Lessor; (4) Lessee shall be a "debtor" and Lessor a "secured party" as those terms are used under the Uniform Commercial Code; (5) Lessee agrees, at its own cost and expense, to do everything necessary or expedient to perfect and preserve the security interest of Lessor granted hereunder; and (6) All of the terms and provisions of the Lease shall be and remain in full force and effect except as indicated in this paragraph.

C. Option to Purchase On Expiration Of Term. Lessee may purchase all, but not less than all, of the Equipment described in the Lease at the expiration of the Term of the Lease upon the following terms and conditions: (1) Lessee agrees to give Lessor prior written notice of Lessee's intent to exercise this option to purchase at least sixty (60) but not more than ninety (90) days prior to the expiration of the Term of the Lease and (2) the purchase price to be paid to Lessor for such Equipment shall be the then Fair Market Value (as defined below) of such Equipment, plus an amount equal to the Rental Payments then unpaid under the terms of the Lease, plus applicable taxes, if any, on the above sum, all payable in cash. Upon such payment, Lessor will execute and deliver a bill of sale conveying title to the Equipment to Lessee on an "AS-IS, WHERE IS" BASIS, WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND.

12. **FAIR MARKET VALUE:** The term "Fair Market Value" as used herein shall be determined on the basis of, and shall be equal in amount to, the value which the Equipment would obtain in an arms length sale transaction between an informed and willing buyer-user (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell and assuming that the Equipment is then in the condition required under the terms of the Lease. If on or before 60 days prior to the expiration of the Term of the Lease, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of such Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser selected by Lessor. The appraiser shall be instructed to make such determination within a period of 45 days following appointment, but in no event later than 10 days prior to the expiration of the Term of the Lease, and shall promptly communicate such determination in writing to Lessor and Lessee. The appraiser's determination of such Fair Market Value shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser shall be borne by Lessee.

13. **TAX INDEMNITY :** Lessee and Lessor agree that Lessor shall be entitled to modified accelerated cost recovery (or depreciation) deductions with respect to the Equipment, and should, under any circumstances whatsoever, except as specifically set forth below, either the United States government or any state tax authority disallow, eliminate, reduce, recapture, or disqualify, in whole or in part, any benefits consisting of accelerated cost recovery (or depreciation) deductions with respect to any Equipment, Lessee shall then indemnify Lessor by payment to Lessor, upon demand, of a sum which shall be equal to the amount necessary to permit Lessor to receive (on an after-tax basis over the full term of this Lease) the same after-tax cash flow and after-tax yield assumed by Lessor in evaluating the transactions contemplated by this Lease (referred to hereafter as "Economic Return") that Lessor would have realized had there not been a loss or disallowance of such benefits, together with, on an after-tax basis, any interest or penalties which may be assessed by the governmental authority with respect to such loss or disallowance.

In addition, if Lessee shall make any addition or improvement to any Equipment, and as a result thereof, Lessor is required to include an additional amount in its taxable income, Lessee shall also pay to Lessor, upon demand, an amount which shall be equal to the amount necessary to permit Lessor to receive (on an after-tax basis over the full term of this Lease) the same Economic Return that Lessor would have realized had such addition or improvement not been made. Lessor and Lessee agree that the Class Life of the Equipment for federal income tax purposes is as indicated on the front side of this Equipment Schedule.

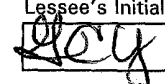
Lessee shall not be obligated to pay any sums required by this section with respect to any Equipment in the event the cause of the loss of the deductions results solely from one or more of the following events: (1) a failure of Lessor to timely modified accelerated cost recovery (or depreciation) deductions for the Equipment in Lessor's tax return, other than a failure resulting from the Lessor's determination, based upon opinion of counsel or otherwise, that no reasonable basis exists for claiming accelerated cost recovery (or depreciation) deductions, or (2) a failure of Lessor to have sufficient gross income to benefit from accelerated cost recovery (or depreciation) deductions. Lessor agrees to promptly notify Lessee of any claim made by any federal or state tax authority against the Lessor with respect to the disallowance of cost recovery (or depreciation) deductions.

All amounts payable by Lessee pursuant to this section shall be payable directly to Lessor. All the indemnities contained in this section shall continue in full force and effect notwithstanding the expiration or other termination of the Lease in whole or in part and are expressly made for the benefit of, and shall be enforceable by, Lessor. Lessee's obligations under this section shall be that of primary obligor irrespective of whether Lessor shall also be indemnified with respect to the same matter under some other agreement by another party. The obligations of Lessee under this section are expressly made for the benefit of, and shall be enforceable by, Lessor without necessity of declaring the Lease in default and Lessor may initially proceed directly against Lessee under this section without first resorting to any other rights of indemnification it may have.

14. **DEFAULT BY LESSEE:** If Lessee at any time defaults in any of its obligations to Lessor, such default shall be considered an abandonment of all options herein and all options herein shall immediately expire and become null and void.

15. **OPTIONS NOT ASSIGNABLE:** It is agreed that Lessee's rights under this Lease are not assignable and that no modification of the provisions hereof shall be binding unless in writing and signed by an officer of the party to be charged.

16. **DEFAULT AND REMEDIES:** An event of default shall occur if: (a) any rental Payment or any other amount owed by Lessee to Lessor or to any affiliate of Lessor, whether hereunder or under any other instrument or agreement, is not paid promptly when due; (b) Lessee breaches any warranty or provision hereof or of any other instrument or agreement delivered by Lessee to Lessor or to any affiliate of Lessor, (c) Lessee ceases to do business as a going concern, becomes insolvent, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, or takes advantage of any law for the relief of debtors; (d) any property of Lessee is attached; (e) a petition in bankruptcy or for an arrangement, reorganization, composition, liquidation, dissolution or similar relief is filed by or against Lessee under any present or future statute, law or regulation; (f) Lessee or its shareholders take any action looking to its dissolution or liquidation; or (g) a trustee or receiver is appointed for Lessee or for any substantial part of its property. Upon the occurrence of an event of default Lessee shall be in default hereunder and Lessor may, at its option, with or without notice to Lessee (a) declare all sums due and to become due hereunder and all other sums then owing by Lessee to Lessor to be immediately due and payable; (b) proceed by appropriate court action or actions or other proceedings either at law or in equity to enforce performance by Lessee of any and all provisions of this Lease and to recover the damages for the breach thereof; (c) require Lessee to assemble the Equipment and deliver same forthwith to Lessor at Lessee's expense at such place as Lessor may designate which is reasonably convenient to both parties; (d) exercise one or more of the rights and remedies available to a secured party under the Uniform Commercial Code, whether or not this transaction is subject thereto; (e) enter, or its agents may enter, without notice or liability or legal process, into any premises where the Equipment may be, or is believed by Lessor to be, and repossess all or any part thereof, disconnecting and separating the same from any other property and using all force necessary and permitted by applicable law, Lessee hereby expressly waiving all further rights to possession of the Equipment after default and all claims for injuries suffered through or loss caused by such repossession; and/or (f) apply any security deposit or other amounts held by Lessor to any indebtedness of Lessee to Lessor.



In addition, Lessee agrees to pay, to Lessor, as liquidated damages for loss of the bargain and not as a penalty, (1) the Stipulated Loss Value plus (2) all expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorneys' fees and other legal expenses, less (3) any amount actually received by Lessor from the re-lease, sale or other disposition of the Equipment. Lessee hereby waives any right to trial by jury in any proceeding arising out of this Lease. Nothing herein contained will require Lessor to re-lease, sell or otherwise dispose of the Equipment. No remedy of Lessor hereunder shall be exclusive of any other remedy herein or provide by law, but each shall be cumulative and in addition to every other remedy. A waiver of a default shall not be a waiver of any other or a subsequent default. If allowed by law, "the reasonable fees for attorneys" retained by Lessor shall include the amount of any flat fee, retainer, contingent fee or the hourly charges of any attorney retained by Lessor in enforcing any of Seller's rights hereunder or in the prosecution or defense of any litigation related to this Agreement or the transactions contemplated by this Agreement. All notices to Lessee relating hereto will be considered received when delivered in person or mailed to Lessee at the address set forth in this Agreement, or at any later address designated in writing by Lessee.

17. INDEMNITY: Lessor (which term as used herein includes Lessor's successors, assigns, agents, and servants) shall have no responsibility or liability to Lessee, its successors or assigns or any other person with respect to any Liabilities (as "Liabilities" is herein defined), and Lessee hereby assumes liability for, and hereby agrees, at its sole cost and expense, to indemnify, defend, protect and save Lessor and keep it harmless from and against, any and all Liabilities. The term "Liabilities" as used herein shall include any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements of whatsoever kind and nature, including legal fees and expenses, (whether or not any transaction contemplated hereby is consummated) imposed on, incurred by or asserted against Lessor or the Equipment (whether by way of strict or absolute liability or otherwise) and in any way relating to or arising out of this Lease or the selection, manufacture, purchase, acceptance, ownership, delivery, non-delivery, lease, possession, use, operation, condition, servicing, maintenance, repair, improvement, alteration, replacement, storage, return or other disposition of the Equipment (including without limitation, (i) claims as a result of latent or patent defects, whether or not discoverable by Lessor or Lessee, (ii) claims for trademark, patent or copyright infringement, and (iii) tort claims of any kind (whether based on Lessor's alleged negligence or otherwise), including claims for injury or damage to property, or injury or death to any person (including Lessee's employees) or, for any claim or liability hereby indemnified against. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease and the termination of this Lease.

18. POWER OF ATTORNEY. LESSEE HEREBY APPOINTS LESSOR OR ANY OFFICER, EMPLOYEE OR DESIGNEE OF LESSOR OR OF ANY ASSIGNEE OF LESSOR AS LESSEE'S OR SUCH ASSIGNEE'S ATTORNEY-IN-FACT TO, IN LESSEE'S, ASSIGNEE'S OR LESSOR'S NAME, TO: (a) PREPARE, EXECUTE AND SUBMIT ANY NOTICE OR PROOF OF LOSS IN ORDER TO REALIZE THE BENEFITS OF ANY INSURANCE POLICY INSURING THE EQUIPMENT; (b) PREPARE, EXECUTE AND FILE ANY INSTRUMENT WHICH, IN LESSOR'S OPINION, IS NECESSARY TO PERFECT AND/OR GIVE PUBLIC NOTICE OF THE INTERESTS OF LESSOR IN THE EQUIPMENT; AND (c) ENDORSE LESSEE'S NAME ON ANY REMITTANCE REPRESENTING PROCEEDS OF ANY INSURANCE RELATING TO THE EQUIPMENT OR THE PROCEEDS OF THE SALE, LEASE OR OTHER DISPOSITION OF THE EQUIPMENT (WHETHER OR NOT THE SAME IS A DEFAULT HEREUNDER). This power is coupled with an interest and is irrevocable so long as any indebtedness hereunder remains unpaid. Lessee agrees to execute and deliver to Lessor, upon Lessor's request such documents and assurances as Lessor deems necessary or advisable for the confirmation or perfection of this Lease and Lessor's rights hereunder, including such documents as Lessor may require for filing or recording.

19. GENERAL PROVISIONS: To the extent that any court of law at any time deems Lessee to have an interest in any of the Equipment during the Term or any Renewal Term and following the purchase by Lessee of any item of the Equipment (whether pursuant to a purchase option or otherwise), Lessee hereby grants Lessor and its affiliates a first perfected security interest in the Equipment to secure all of Lessee's existing or hereafter arising liabilities and obligations of Lessee to Lessor or any affiliate of Lessor whether such liabilities and obligations arise under or apart from this Lease and whether they arise during the Term or any Renewal Term or thereafter. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. This Lease and any addenda referred to herein constitute the entire agreement of the parties hereto. No oral agreement, guaranty, promise, condition, representation or warranty shall be binding. All prior conversations, agreements or representations related hereto and/or to the Equipment are superseded hereby, and no modification hereof shall be binding unless in writing and signed by an officer of the party to be bound. The only copy of this Lease that will be constitute "chattel paper" for purposes of the Uniform Commercial Code is the original of this Lease marked "Original For Associates".

20. RETURN OF EQUIPMENT: If Lessee does not exercise, or is precluded from exercising, the option to purchase the Equipment at the expiration of the Term or any Renewal Term of this Lease, Lessee shall, at Lessee's sole cost and expense, return all, but not less than all, of the Equipment to Lessor immediately upon the expiration of the Term or any Renewal Term of this Lease pursuant to the terms and conditions contained in Lessor's **Standard Return Conditions** for equipment similar to the Equipment subject to this Lease (a copy of which has been delivered to Lessee in conjunction with this Lease).

20. (cont.) In the event that the lessee elects not to purchase the Equipment, Lessee agrees to remit to Lessor a remarketing fee equal to 5% (per unit) of the original equipment cost payable in cash, immediately upon expiration of the term of the Lease.

DELIVERY AND ACCEPTANCE OF EQUIPMENT (Check Appropriate Box)

Lessee's obligations and liabilities under this Lease are absolute and unconditional under all circumstances and regardless of any failure of operation or loss of possession of any item of Equipment or the cessation or interruption of Lessee's business for any reason whatsoever.

☒ On 8/7/98, the Equipment leased under this Lease was delivered to Lessee with all installation necessary for the proper use of the Equipment completed at a location agreed to by Lessee and the Equipment was inspected by Lessee and found to be in satisfactory condition in all respects and delivery thereof was unconditionally accepted by Lessee.

☐ The Equipment leased under this Lease has not yet been delivered to or accepted by Lessee and, upon delivery, Lessee agrees to execute such delivery and acceptance certificate as Lessor or Lessor's assignee requires.

THE UNDERSIGNED HEREBY AGREE TO ALL THE TERMS AND PROVISIONS SET FORTH ON ALL FOUR PAGES OF THIS LEASE AND ALL RIDERS EXECUTED IN CONNECTION HERewith. LESSEE ACKNOWLEDGES RECEIPT OF A COMPLETE COPY OF THIS LEASE TOGETHER WITH ALL RIDERS AND OF LESSOR'S STANDARD RETURN CONDITIONS.

LESSEE:
Conrad Yelvington Distributors, Inc.

LESSOR:
Associates Leasing, Inc.

By: [Signature]
Title: PRES.
Date: 8/7/98 Federal Tax ID #: 59-0908399

By: [Signature]
Title: V.P.
Date: 8/7/98 Federal Tax ID #: 35-1149729

Page 4 of 4 of Lease Agreement dated 8/7/98 between Conrad Yelvington Distributors, Inc. (Lessee) and Associates Leasing, Inc. (Lessor) which includes, without limitation, an item of Equipment with the following serial number: _____

STANDARD RETURN CONDITIONS
(Locomotives & Railcars)

RETURN OF EQUIPMENT: Notwithstanding anything to the contrary contained in this Lease, and in addition to the terms and condition contained therein, if Lessee does not exercise, or is precluded from exercising, the option to purchase the Equipment described in the Lease as set forth above at the expiration of the Term of the Lease, Lessee shall, at Lessee's sole cost and expense, return all, but not less than all, of such equipment to Lessor immediately upon the expiration of the Terms of the Lease pursuant to the terms and conditions therein and as follows:

- The Equipment must be in first class operating condition for such equipment operating on Class I railroad.
- The Equipment will be stored by Lessee, at its own cost and expense and at the request of Lessor, on Lessee's own tracks for a period of 180 days in an area that is safe and secure. During this storage period, Lessee will permit reasonable access to the Equipment by the Lessor.
- The Equipment will conform to all laws and regulations applicable to the units.
- Lessee must have initiated, compiled and retained records relating to preventative maintenance and repairs indicating dates and verified by parts invoices. At any time during normal business hours during the Term of the Lease, Lessee must make such records available to Lessor for verification and inspection as Lessor may elect.
- Lessee is to return the Equipment to a location as designated in the Lease. Lessee is responsible for return of the Equipment and Lessee shall bear the full cost for return to the designated location.

If, in the sole judgment of Lessor, any item of Equipment is damaged or does not meet the standards set forth above, or if Lessee fails to discharge its obligations set forth above with regard to any item of Equipment, Lessee shall pay to Lessor, immediately upon demand, the Liquidation Value of such item of Equipment.

LESSEE: Conrad Velvinton Distributors, Inc. LESSOR: Associates Leasing, Inc.

By: [Signature]
Title: President

By: [Signature]
Title: V.P.

RIDER C

Attached to and made a part of that certain Lease Agreement dated 8/7/98 ~~1-2-97~~, by and between Associates Leasing, Inc. ("Lessor") and Conrad Yelvington Distributors, Inc. ("Lessee")

Notwithstanding anything to the contrary contained in this lease, Lessor and Lessee hereby agree as follows:

- A. The equipment covered by this lease is more fully described as follows (each item of Equipment described below is herein referred to individually as an "item" or "item of Equipment" and collectively as the "Equipment"):

<u>Description of Item of Equipment</u> (Make, Model)	<u>Serial Number</u>	<u>Rental Payment for item</u>	<u>Unamortized Cost of item</u>	<u>Total Cost of item</u>
One (1) Electro-Motive Model SW-1200 Locomotive		\$2,130.00	\$26,000.00	\$130,999.00
One (1) Electro-Motive Model SW-9 Locomotive		\$1,895.00	\$25,000.00	\$115,999.00
One (1) Electro-Motive Model SW-9 Locomotive		\$1,895.00	\$25,000.00	\$115,999.00

- B. Paragraph 7 of this lease is hereby amended to read as follows:

7. Termination Value: The term "Termination Value" as of any date for any item of Equipment shall mean an amount equal to the then present worth of all unaccrued Rental Payments for such item of Equipment plus the then present worth of the unamortized cost specified herein for such item of Equipment ("unamortized Cost") (determined by discounting such Rental Payments from their respective due dates at the termination value rate specified above ("Termination Value Rate") and by discounting such Unamortized Cost for such item of Equipment from the last day of the Term for such item of equipment at the Termination Value Rate) compounded at the same intervals as such Rental Payments are payable or, if the first Rental Payment as not yet become due, Termination Value shall be the total cost paid or payable by Lessor for such item of Equipment.

- C. Paragraph 8 of this lease is hereby amended to read as follows:

AFFIDAVIT OF EXECUTION AND DELIVERY

State of Florida

County of Orange

BEFORE ME, this day personally appeared Ron Morrison ("Lessor Agent"), a duly authorized agent of Associates Leasing, Inc. ("Associates") who is personally known to me or who has produced a Florida driver's license as identification;

BEFORE ME, this day personally appeared Gary Yelvington ("Lessee Agent"), a duly authorized agent of Conrad Yelvington Distributors, Inc. ("Yelvington") who is personally known to me or who has produced a Florida driver's license as identification;

Both the Lessor Agent and the Lessee Agent, who being by me first duly sworn, under oath depose and say:

1. On August 7, 1998, on behalf of Associates, Lessor Agent consented to the Lift Lease Agreement dated as of August 7, 1998 by and between Conrad Yelvington Distributors, Inc., as Lessee, and Associates Leasing, Inc., as Lessor, by executing that certain Lift Lease Agreement in the State of Florida.

2. On August 7, 1998, on behalf of Yelvington, Lessee Agent consented to the Lift Lease Agreement dated as of August 7, 1998 by and between Conrad Yelvington Distributors, Inc., as Lessee, and Associates Leasing, Inc., as Lessor, by executing that certain Lift Lease Agreement in the State of Florida.

FURTHER AFFIANTS SAYETH NOT:

Dated August 7, 1998

LESSOR AGENT:

ASSOCIATES LEASING, INC.

By: R. F. Morrison

Its: V.P.

LESSEE AGENT:

CONRAD YELVINGTON DISTRIBUTORS, INC.

By: Gary Yelvington

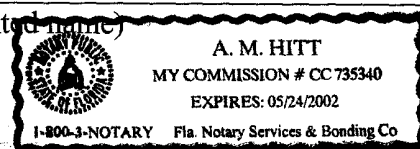
Its: President

SWORN TO AND SUBSCRIBED BEFORE ME THIS 7th day of August, 1998.

A. M. Hitt
(Notary Public)

(AFFIX NOTARIAL SEAL)

(printed name)



Commission No. _____

My Commission Expires: _____